

What are childcare vouchers?

Childcare vouchers are a government approved benefit that could make a huge difference to your finances. You could save up to £1,195 per year on the cost of registered childcare by using them. As the average cost of childcare is around £800 a month, it's a benefit not to be missed.

How much could I save?*

Childcare vouchers amount	Monthly Savings	Annual savings
£100 per month	£31	£375
£200 per month	£62	£744
£243 per month	£75	£903

*Savings for illustration purposes only. Exact saving depends on individual circumstances. Savings shown are for a basic rate taxpayer. Higher rate taxpayers can save even more.

Can I use the vouchers to pay for any form of childcare?

Childcare vouchers must be used for Registered Childcare. This covers a wide range of childcarers as long as they are suitably registered, including:

- Nurseries and crèches
- Playgroups
- Pre-school and after-school care
- Play schemes and out of hours clubs on school premises
- Nannies and au-pairs
- Registered childminders

How do I apply?

Apply for childcare vouchers by logging into: www.how-for-you.com

Your Guide to Understanding & Preparing for Childcare Voucher Changes.

The Facts

This document will provide you with high-level facts about the future of tax-free childcare - explaining the new tax-free childcare scheme (TFC) and the existing childcare voucher scheme (CCV).

Current Childcare Voucher scheme (CCV)

The CCV scheme will be closed to new entrants from October 2018.

Parents in the scheme as of this date can continue to participate until their child is 15 years old, 16 for children with a disability.

Parents can buy childcare vouchers from pre-tax and NI salary up to a maximum based on their tax rate.

Eligibility

- Children who are 15 years old or less, or 16 years old if registered disabled.
- Parents who are employed (this means self-employed parents cannot participate).
- Parents who earn above the national minimum wage once childcare vouchers are deducted.

Important note:

If the parent does not meet the eligibility criteria for the new TFC scheme and they do for the CCV scheme, they can participate in it if they join by **October 2018**.

New Tax-Free Childcare scheme (TFC)

The TFC scheme will start to be rolled out in early 2017, with a phased rollout throughout 2017 to be based on the age of the child. Parents will be able to apply for their children at the same time, and it will be based on the age of their youngest child.

The scheme will allow some working parents (where both parents are working or are single parents) to claim up to £2,000 per child towards the cost of childcare each year, or £4,000 for disabled children.

The scheme will be available for children up to the age of 12, or 17 for children with a disability.

Eligibility

- Children who are 12 years old or less, or 17 years old if registered disabled.
- Both parents are working or are single parents (this means that couples where one parent is not working will not be eligible).
- Parents who individually earn more than £50 a week but under £100,000 annually.
- Parents who work a minimum of 16 hours per week.
- Parents who are employed or self-employed.
- Parents who are not receiving support through tax credits.

How does the scheme work?

CCV

- Savings under this scheme are per parent.
- For basic rate taxpayers, each parent can buy a maximum of £243/month (£2,916/annum in vouchers, which is a tax saving of £933/annum).
- For higher-rate taxpayers, each parent can buy a maximum of £124/month in vouchers, leading to a tax saving of £624/annum.

* These are from pre-tax and NI salary.

TFC

- Savings under this scheme are per child.
- For every 80p a parent pays in, the government will pay in an extra 20p. This is equivalent to the tax most people pay, 20 percent, which gives the scheme its name, "tax-free".
- Parents can receive up to £2,000 per child per year towards their childcare costs, or £4,000 for a child who has a registered disability.

Which scheme is better?

Some parents will be better off joining or staying with the current CCV and for others the new scheme may be a better fit based on their personal circumstances.

CCV scheme 'Winners'

- Couples where one parent doesn't work, as they're not eligible for TFC, but the employed parent is eligible for vouchers (provided their employer offers a scheme).
- Basic-rate taxpayer parents with total childcare costs of £9,336 or less. Under this amount, the saving you make with CCV exceeds the saving you can make with TFC.
- Higher-rate taxpayer parents with total childcare costs of £6,252 to less. Under this amount, the saving you make with CCV exceeds the saving you can make with TFC.
- Higher earners, as anyone earning £100,000+ (or in a couple where one earns £100,000+) isn't eligible for the TFC scheme, whereas these high earners can get CCV.

TFC scheme 'Winners'

- Self-employed people or couples who earn less than £100,000 each, as they're eligible for TFC, but can't get CCV.
- Parents with more than one child and high childcare costs, as the help available, goes up with the number of children. There's a limit for CCV which isn't dependant on the number of children.

What will happen to the current CCV scheme?

The current CCV scheme will be open to new joiners until October 2018. Participants will be able to continue ordering vouchers and making tax and National Insurance savings until their child is 15 years old, or 16 if their child has a registered disability. This scheme will continue to deliver savings for those parents who are not eligible for or will lose out under the new TFC scheme.